

Message Text

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AMEMBASSY TUNIS

AMEMBASSY RABAT

UNCLAS STATE 122702

FOLLOWING REPEAT LIBREVILLE 1041 SENT ACTION SECSTATE INFO
ABIDJAN MAY 02.

QUOTE UNCLAS LIBREVILLE 1041

PASS TREASURY FOR BRADFORD AND PUBLIC AFFAIRS/JESSE BROWN

E.O. 11652: N/A

TAGS: EFIN, EAID, AF, AFDB, AFDF

SUBJ: AFRICAN DEVELOPMENT BANK - AFRICAN DEVELOPMENT

FUND ANNUAL MEETING - U.K. SPEECH

BEFOLLOWING IS FINAL VERSION OF ASSISTANT SECRETARY
BERGSTEN'S ADDRESS BEFORE THE FIFTH ANNUAL MEETING OF
THE AFRICAN DEVELOPMENT FUND, SCHEDULED TO BE DELIVERED
ABOUT 10:00 A.M. WEDNESDAY, MAY 3, 1978, LIBREVILLE
TIME.

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PAGE 02 STATE 122702

BEGIN TEXT:

ADDRESS BY THE HONORABLE C. FRED BERGSTEN
ASSISTANT SECRETARY OF THE TREASURY

U.S. TEMPORARY ALTERNATE GOVERNOR TO THE AFRICAN DEVELOPMENT FUND
BEFORE THE FIFTH ANNUAL MEETING OF THE AFRICAN DEVELOPMENT FUND

LIBREVILLE, GABON
WEDNESDAY, MAY 3, 1978

IT IS A GREAT HONOR AND PLEASURE FOR ME TO REPESENT THE UNITED STATES AT THIS FIFTH ANNUAL MEETING OF THE AFRICAN DEVELOPMENT FUND, THE SECOND IN WHICH THE UNITED STATES IS PARTICIPATING AS A FULL-FLEDGED MEMBER OF THE FUND. I WISH TO THANK THE GOVERNMENT OF GABON FOR MAKING THESE FINE FACILITIES AVAILABLE TO US, AND PRESIDENT BONGO PERSONALLY FOR HIS KIND REMARKS CONCERNING PRESIDENT CARTER DURING HIS EXCELLENT OPENING ADDRESS TO OUR MEETING. I WOULD ALSO LIKE TO WELCOME DJIBOUTI, FRANCE AND KUWAIT AS NEW MEMBERS OF THE BANK/FUND FAMILY.

AS PRESIDENT FORDWOR INDICATED IN HIS ADDRESS ON MONDAY, THIS IS A CRITICAL AND PERHAPS WATERSHED MEETING IN THE HISTORY OF THE AFRICAN DEVELOPMENT BANK AND FUND. IN ADDITION, AND PERHAPS CLOSELY RELATED, THE MEETING IN A VERY REAL SENSE MARKS THE FIRST MAJOR ENTRY OF THE UNITED STATES INTO THIS UNIQUELY AFRICAN DEVELOPMENT INSTITUTION:

--IT COMES ONLY ONE MONTH AFTER PRESIDENT CARTER COMPLETED HIS RECENT VISIT TO AFRICA, THE FIRST EVER FOR AN AMERICAN PRESIDENT AND A CLEAR INDICATION OF THE GREATLY INCREASED INTEREST OF THE UNITED STATES IN SUPPORTING THE DEVELOPMENT OF THIS GREAT CONTINNT.

--IT H PROVIDED THE SETTING FOR NEGOTIATING
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PAGE 03 STATE 122702

THE SECOND REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND, TO WHICH THE UNITED STATES HAS PLEDGED A CONTRIBUTION OF \$125 MILLION -- WHICH WILL ENABLE THE UNITED STATES TO BECOME THE SINGLE LARGEST CONTRIBUTOR, NOT ONLY TO THE SECOND REPLENISHMENT BUT TO THE CUMILATIVE TOTAL OF RESOURCES AVAILABLE TO THE FUND.

--AND THIS METING HAS WITNESSED THE HISTORIC DECISION OF THE BOARD OF GOVERNORS OF THE BANK TO OPEN THE BANK ITSELF TO NON-REGIONAL MEMBERS FOR THE FIRST TIME ? AN INVITATION TO WHICH THE UNITED STATES RESPONDS WARMLY IN THE HOPE THAT WE CAN SOON JOIN THE CURRENT AFRICAN MEMBERS, AND OTHER COUNTRIES FROM OIITSIDE TH RGIONGN IN A STRENGTHENED JOINT ENTERPRISE TO SUPPORT DEVELOPMENT IN AFRICA.

ALL THESE STEPS BY THE UNIT MUST REST ON THE FIRM COMMITMENT OF OUR PRESIDENT AND OUR PEOPLE TO THE NATION AND PEOPLE OF AFRICA. THIS COMMITMENT IS ROOTED IN THE FACT THAT OUR SOCIETY AND CULTURE ARE SO DEEPLY ENRICHED BY THE HERITAGE SO MANY AMERICANS FIND IN AFRICA. IT IS ENRICHED BY THE COMMOM FUTURE WE SHARE WITH THE COUNTRIES OF AFRICA. IT RESTS ON OUR OWN INTERESTS IN CON-TRIBUTING TO THE CREATION OF WORK WHICH MEETS THE BASIC

HUMAN NEEDS OF ALL ITS PEOPLE.

OUR POLICIES TOWARD AFRICA ARE SHAPED BY THE CENTRAL PREMISE THAT WE MUST RECOGNIZE THE UNIQUE IDENTITY OF AFRICA. WE CANNOT, AND WOULD NOT, TREAT AFRICA SIMPLY AS ONE PART OF THE DEVELOPING WORLD -- EVEN LESS OR MORE NINCTION OF GLOBAL POWER RELATIONSHIPS. WE RECOGNIZE AFRICA'S DISTINCTIVENESS -- THE DISTINCTIVNESSOF ITS GREAT ACCOMPLISHMENTS, OF ITS GREAT POTENTIAL, OF ITS GREAT NEEDS. AND WE RECOGNIZE THE IMPORTANCE OF AFRICAN INSTITUTIONS TO SOLVE AFRICAN PROBLEMS IN AFRICAN WAYS.

THE UNITED STATES IS COMMITTED TO BUILDINGSTRONG RELATIONS WITH THE NATIONS OF AFRICA BY SUPPORTING THEIR POLITICAL INDEPENDENCE AND ECONOMIC DEVELOPMENT.
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 122702

WE ARE FULLY AWARE OF THE GREAT DIVERSITY OF THE AFRICAN CONTINENT, AND THUS WE ARE PREPARED TO WORK WITH PEOPLES AND GOVERNMENTS OF DISTINCTIVE AND DIFFERING BELIEFS. WE DO NOT INSIST ON ANY ONE ROAD TO ECONOMIC PROGRES,. OR ANY ONE WAY OF EXPRESSING THE POLITICAL WILL OF A PEOPLE. INDEED,

WE VIEW THE RICH DIVERSITY OF AFRICA AS BOTH A GREAT SOURCE OF STRENGTH FOR ITS FUTURE AND A GREAT CHALLENGE TO ITS ABILITY TO FIND WAYS TO WORK TOGETHER IN PURSUIT OF THE COMMON GOALS OF PEACE OF PROSPERITY. AMERICAN POLICIES REFLECT THESE GOALS -- IN SOUTHERN AFRICA AND IN OUR EXPANDING RELATIONSHIPS ELSEWHERE ON THE CONTINENT.

THE WORLD ECONOMIC OUTLOOK

THE SUCCESS OF OUR JOINT EFFORTS IN THE AFRICAN DEVELOPMENT BANK AND FUND WILL BE DEEPLY AFFECTED BY DEVELOPMENTS IN THE WORLD ECONOMY: RATES OF ECONOMIC GROWTH AND INFLATION, LEVELS OF UNEMPLOYMENT, INTER-NATIONAL MONETARY STABILITY. EACH OF THESE ISSUES IS OF CRITICAL IMPORTANCE TO THE PROSPECTS OF THE MEMBER COUNTRIES OF THE BANK, PARTICULARLY ITS DEVELOPING MEMBER COUNTRIES. I WOULD LIKE TO ADDRESS BRIEFLY OUR VIEW OF EACH OF THESE ISSUES, AND REPORT TO YOU ON THE EFFORTS OF THE UNITED STATES TO CONTRIBUTE TO THEIR IMPROVEMENT.

THERE ARE NUMEROUS ENCOURAGING SIGNS FOR THE GLOBAL ECONOMY IN 1978. WE EXPECT FASTER ECONOMIC GROWTH THIS YEAR THAN LAST, AMONG BOTH INDUSTRIALIZED AND DEVELOPING COUNTRIES. AMONG THE INDUSTRIALIZED COUNTRIES OTHER THAN THE UNIT STATES, WE BELIEVE THAT GROWTH WILL BE ABOUT ONE PERCENT FASTER THAN IN 1977 AND WILL ACCELERATE IN
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 122702

THE SECOND HALF OF THE YEAR. LIKEWISE, GROWTH IN SOME OIL PRODUCING DEVELOPING COUNTRIES MAY BE AS MUCH AS ONE PERCENT HIGHER THAN A YEAR AGO.

IN ADDITION, SUBSTANTIAL PROGRESS HAS BEEN MADE IN REDUCING BOTH LEVELS OF INFLATION AND DISPARITIES IN INFLATION RATES AMONG COUNTRIES. AND THERE HAS BEEN CONSIDERABLE SUCCESS IN IMPROVING THE DISTRIBUTION OF BALANCE OF PAYMENTS DISEQUILIBRIA.

AT THE SAME TIME, UNEMPLOYMENT RATES AND INFLATION REMAIN TOO HIGH THROUGHOUT THE WORLD. INVESTMENT LEVELS ARE TOO LOW. SOME PAYMENTS IMBALANCES ARE STILL TOO LARGE. STABILITY NEEDS TO BE MAINTAINED IN THE EXCHANGE MARKETS. BUT OUR OUTLOOK IS ONE OF CAUTIOUS OPTIMISM, AND A BELIEF THAT THE GLOBAL ECONOMIC PICTURE IS IMPROVING IN BOTH THE INDUSTRIALIZED AND DEVELOPING WORLDS -- THEREBY IMPROVING THE FRAMEWORK FOR WORLD DEVELOPMENT, AND FOR THE EFFECTIVE OPERATION OF THE AFRICAN DEVELOPMENT BANK AND FUND.

U.S. POLICY

THE UNITED STATES HAS EMBARKED ON A COMPREHENSIVE EFFORT TO PROMOTE SUCH AN OUTCOME, AS PART OF OUR EFFORT TO ASSIST THE DEVELOPING NATIONS AS WELL AS TO MEET OUR BROADER RESPONSIBILITIES FOR THE EFFECTIVE FUNCTIONING OF THE WORLD ECONOMY. THE FIRST REQUIREMENT IS A STRONG UNITED STATES ECONOMY, WHICH MUST BE THE FOUNDATION FOR ALL OUR COMMITMENTS IN THE INTERNATIONAL ARENA.

CURRENTLY, THE UNITED STATES IS GROWING FASTER THAN MOST OTHER INDUSTRIAL COUNTRIES. WE GREW AT A RATE OF ALMOST 5 PERCENT IN 1977, AND WE EXPECT GROWTH OF 4.5 TO 5 PERCENT IN 1978. THE UNITED STATES IS THE ONLY INDUSTRIALIZED COUNTRY IN WHICH THE LEVEL OF UNEMPLOYMENT HAS FALLEN SIGNIFICANTLY SINCE THE WORLD RECESSION OF 1975, AND WE EXPECT A FURTHER REDUCTION FROM THE LATE-
UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 122702

1977 LEVEL OF 6.5 PERCENT TO 5.7 PERCENT TOWARD THE END OF THIS YEAR. AT THE SAME TIME, DESPITE SOME RENEWED PRESSURES, WE ARE EXPERIENCING GREATER SUCCESS THAN MOST COUNTRIES IN HOLDING INFLATION UNDER CONTROL.

THE UNITED STATES FULLY RECOGNIZES THAT THE STABILITY OF THE INTERNATIONAL MONETARY SYSTEM RESTS HEAVILY ON A STABLE DOLLAR. IT IS OUR CLEAR, AND CLEARLY STATED, VIEW

THAT A STRONG AND STABLE DOLLAR IS IN THE INTEREST OF THE UNITED STATES, AS WELL AS THE INTEREST OF THE WORLD ECONOMY AND THE DEVELOPING COUNTRIES INCLUDING THOSE IN AFRICA.

SUCH STABILITY CAN BE ACHIEVED ONLY BY DEALING WITH THE FUNDAMENTAL ECONOMIC SITUATION. WE ARE DOING SO. ON APRIL 11, PRESIDENT CARTER MADE CLEAR THE PRIORITY WE ATTACH TO THE FIGHT AGAINST INFLATION. HE ANNOUNCED THAT, IF CONGRESS DID NOT QUICKLY PASS MEANINGFUL ENERGY LEGISLATION, HE WOULD MOVE TO LIMIT OIL IMPORTS BY ADMINISTRATIVE ACTION. HE ANNOUNCED THAT WE WILL BE TAKING A SERIES OF ACTIONS DESIGNED TO ENABLE U.S. BUSINESS TO COMPETE MORE EFFECTIVELY IN WORLD MARKETS.

WE ARE THUS WORKING ON STRENGTHENING EACH OF THE UNDERLYING ECONOMIC CONDITIONS IN THE UNITED STATES NEEDED TO SUPPORT THE DOLLAR -- A REDUCTION OF OUR OIL IMPORTS, A REDUCTION IN OUR RATE OF INFLATION, AND A GREATER EXPORT EFFORT. IN THE MEANWHILE, WE HAVE TAKEN A NUMBER OF BRIDGING ACTIONS, INCLUDING EXCHANGE MARKET INTERVENTION, FOR THE PURPOSE OF COUNTERING DISORDERLY CONDITIONS IN THOSE MARKETS. I AM CONFIDENT THAT BY DEALING WITH THE FUNDAMENTALS, AND BY OUR BRIDGING ACTIONS, WE WILL BE DOING OUR PART TO RESTORE STABILITY TO THE EXCHANGE MARKETS AND THEREBY PROVIDE A SOUND FINANCIAL BASIS FOR ONGOING PROSPERITY IN THE WORLD ECONOMY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 07 STATE 122702

WE ARE PURSUING OUR COMMITMENT TO AN EFFICIENTLY FUNCTIONING SYSTEM OF WORLD PAYMENTS BY GIVING STRONG SUPPORT TO THE WITTEVEEN FACILITY IN THE INTERNATIONAL MONETARY FUND. LEGISLATION AUTHORIZING U.S. PARTICIPATION IN THE FACILITY HAS BEEN ENACTED BY THE HOUSE OF REPRESENTATIVES, AND WE ARE HOPEFUL THAT FINAL LEGISLATIVE ACTION WILL BE COMPLETED IN THE NEAR FUTURE. ONCE IN PLACE THE WITTEVEEN FACILITY WILL HELP ASSURE THAT ADEQUATE OFFICIAL FINANCING IS AVAILABLE TO DEFICIT COUNTRIES -- DEVELOPED AND DEVELOPING ALIKE -- DURING THE YEARS AHEAD.

IN THE TRADE AREA, WE ARE DETERMINED TO CONTINUE TO RESIST THE IMPOSITION OF NEW BARRIERS TO IMPORTS -- PARTICULARLY FROM DEVELOPING COUNTRIES. IN EVERY CASE THAT HAS COME BEFORE HIM, PRESIDENT CARTER HAS REJECTED PROPOSALS FOR COMPREHENSIVE IMPORT CONTROLS.

IN ADDITION, WE ARE MAKING A MAJOR EFFORT IN THE MULTILATERAL TRADE NEGOTIATIONS IN GENEVA TO FURTHER REDUCE BARRIERS TO INTERNATIONAL TRADE, PARTICULARLY FOR PRODUCTS SOLD BY THE DEVELOPING COUNTRIES. THE UNITED STATES IS OFFERING TARIFF RATES ON IMPORTS FROM DEVELOPING COUNTRIES OF ALMOST \$10 BILLION IN INDUSTRIAL GOODS AND \$7.5 BILLION IN AGRICULTURAL PRODUCTS. THE

AVERAGEDUTY REDUCTION WE ARE OFFERING ON SHIPMENTS FROM DEVELOPING COUNTRIES IS 045 PERCENT FOR AGRICULTURAL IMPORTS, AND 38 PERCENT FOR INDUSTRIAL IMPORTS. OF COURSE, DEVELOPING COUNTRIES CAN ALSO BENEFIT IN THE FUTURE FROM IMPROVED ACCESS TO OUR MARKETS FOR PRODUCTS

THEY DO NOT EXPORT AT ALL AT PRESENT.

FURTHERMORE, THE UNITED STATES EXTENDS TARIFF PREFERENCES TO AFRICA AND OTHER DEVELOPING COUNTRIES ON A WIDE RANGE OF PRODUCTS. USE OF THESE PREFERENCES BY AFRICAN COUNTRIES HAS NOT YET BEEN EXTENSIVE. HOWEVER, WE ARE COOPERATING WITH UNCTAD IN AN ATTEMPT TO INCREASE AFRICAN COUNTRIES' FAMILIARITY WITH, AND USE OF, THIS PROGRAM.
UNCLASSIFIED

UNCLASSIFIED

PAGE 08 STATE 122702

WE WILL CONTINUE TO OFFER DEVELOPING COUNTRIES THE LARGEST, MOST OPEN MARKET IN THE WORLD. THIS IS OF CRITICAL IMPORTANCE TO THOSE DEVELOPING ECONOMIES WHICH HAVE SO SUCCESSFULLY FOLLOWED STRATEGIES OF EXPORT-LED GROWTH. WE FULLY INTEND TO PRESERVE AN OPEN WORLD ECONOMY IN WHICH THEIR OUTWARD-LOOKING DEVELOPMENT STRATEGIES -- AND SIMILAR STRATEGIES BY OTHE COUNTRIES -- CAN PROSPER AND SUCCEED.

COMMODITY POLICY IS ANOTHER AREA IN WHICH THE UNITED STATES HAS SOUGHT TO BE HIGHLY RESPONSIVE TO THE PROBLEMS OF THE DEVELOPING COUNTRIES. WE UNDERSTAND THEIR CONCERN OVER EXCESSIVE PRICE FLUCTUATIONS AND RESULTANT DISRUPTIONS IN FOREIGN EXCHANGE EARNINGS, DOMESTIC INVESTMENT AND EMPLOYMENT. THIS PROBLEM IS OF GREAT IMPORTANCE TO A NUMBER OF AFRICAN COUNTRIES WHO ARE HIGHLY DEPENDENT ON COMMODITY EXPORTS.

WE SUPPORT THE PRINCIPLE OF STABILIZING PRICES AROUND MARKET TRENDS, AND BELIEVE THAT IT IS IN OUR OWN NATIONAL ECONOMIC INTEREST TO DO SO WHEREVER FEASIBLE. THUS WE HAVE PARTICIPATED IN, OR EXPRESSED A WILLINGNESS TO EXAMINE PARTICIPATION IN, INTERNATIONAL COMMODITY ARRANGEMENTS COVERING COFFEE, COCOA, COPPER, RUBBER, SUGAR AND TIN. SOME OF THESE COMMODITIES ARE OF PARTICULAR IMPORTANCE TO DEVELOPING COUNTRIES IN AFRICA, AND WE LOOK FORWARD TO CONTINUING TO WORK WITH THEM IN THIS AREA IN PURSUIT OF OUR COMMON ECONOMIC GOALS.

WE HAVE ALSO TAKEN PART IN PRODUCER-CONSUMER DISCUSSION OF OTHER COMMODITIES OF INTEREST TO AFRICAN PRODUCERS, TO DETERMINE WHETHER ACCEPTABLE AND EFFECTIVE WAYS CAN BE FOUND TO IMPROVE SUCH TRADE AND STABILIZE MARKETS. THESE INCLUDE TEA, COTTON, VEGETABLE OIL AND OILSEED, IRON ORE, PHOSPHATES, HARD FIBERS, MANGANESE
UNCLASSIFIED

UNCLASSIFIED

PAGE 09 STATE 122702

AND TROPICAL TIMBER. FURTHERMORE, THE CARTER ADMINISTRATION IS SUPPORTING LEGISLATION NOW BEFORE THE CONGRESS WHICH WOULD PROVIDE FOR PURCHASES OF COPPER FOR THE U.S. STRATEGIC STOCKPILE OF UP TO 225,000 TONS OVER THE NEXT TWO AND A HALF YEARS -- ENACTMENT OF WHICH SHOULD IMPROVE CONSIDERABLY THE PRESENT MARKET SITUATION FOR THAT PRODUCT.

U.S. POLICY TOWARD THE INTERNATIONAL DEVELOPMENT BANKS

AT THIS MEETING IN LIBREVILLE, WHICH MARKS THE FIRST U.S. PARTICIPATION IN NEGOTIATING A REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND AND OPEN THE POSSIBILITY OF U.S. MEMBERSHIP IN THE AFRICAN DEVELOPMENT BANK ITSELF, I WOULD STRESS PARTICULARLY THE STRONG SUPPORT OF THE UNITED STATES FOR THE INTERNATIONAL DEVELOPMENT BANKS AS AN EFFECTIVE MEANS OF MANIFESTING OUR CONCERN FOR THE ASPIRATIONS AND STRIVING OF DEVELOPING COUNTRIES. UNITED STATES SUPPORT FOR THE BANKS, WHICH HAS BECOME A CHEERPIECE OF OUR FOREIGN ASSISTANCE EFFORT, EXTENDS BACK OVER ONE-THIRD OF A CENTURY. FROM THE ORIGINAL BRETTON WOODS PLANS FOR AN INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, TO THE RECENT CREATION OF THE AFRICAN AND ASIAN DEVELOPMENT FUNDS, THE UNITED STATES HAS STEADFASTLY PROMOTED THE PRINCIPLE OF MULTILATERALISM IN FOREIGN ASSISTANCE. WE ARE PROUD OF OUR RECORD OF SUSTAINED SUPPORT, AND WE PLEDGE OUR CONTINUED SUPPORT FOR THIS PRINCIPLE.

IN 1977, THE CARTER ADMINISTRATION OBTAINED CONGRESSIONAL APPROVAL FOR OVER \$2.3 BILLION FOR THE DEVELOPMENT BANKS--SUPPLEMENTAL APPROPRIATIONS OF \$396 MILLION FOR FY 1977 AND REGULAR APPROPRIATIONS OF \$1.925 BILLION FOR FY 1978. THIS REPRESENTS A DRAMATIC INCREASE -- MORE THAN A TRIPLING-- OF THE \$745 MILLION APPROPRIATED IN 1976. FOR THIS FISCAL YEAR, THE ADMINISTRATION SUBMITTED TO CONGRESS A REQUEST FOR THE

UNCLASSIFIED

PAGE 10 STATE 122702

LARGEST YEARLY APPROPRIATION IN HISTORY FOR THE INTERNATIONAL DEVELOPMENT BANKS -- \$3.5 BILLION. WE BELIEVE THAT THESE ACTIONS CLEARLY INDICATE THE MAJOR EFFORTS OF THE UNITED STATES TO CARRY OUT ITS RESPONSIBILITIES TO THE POOR PEOPLE OF THE WORLD, AND OUR STRONG AND GROWING SUPPORT FOR THE DEVELOPMENT BANKS.

INDEED, THESE ACTIONS ARE BASED ON OUR JUDGEMENT THAT

THE BANKS, WITH THEIR CORPS OF HIGHLY PROFESSIONAL DEVELOPMENT EXPERTS, HAVE BECOME EXTREMELY EFFECTIVE INSTRUMENTS FOR DEVELOPMENT-- TRANSLATING ASSISTANCE FROM DONOR COUNTRIES INTO SOUND DEVELOPMENT PROGRAMS FOR RECIPIENT COUNTRIES. TO ASSURE EFFICIENT UTILIZATION OF THEIR LOANS, THE BANKS PROMOTE SOUND ECONOMIC POLICIES WHICH SERVE TO GENERATE SUBSTANTIAL PRIVATE RESOURCE FLOWS AS WELL. LARGELY UNENCUMBERED BY NARROW POLITICAL FACTORS, THE DEVELOPMENT BANKS HAVE BEEN ABLE TO DEVOTE THEIR ENERGIES AND RESOURCES TO THE CENTRAL TASK AT HAND --EFFECTIVE DEVELOPMENT. THEY ARE LOOKED TO BY THE PRIVATE SECTOR FOR JUDGMENTS CONCERNING POLICIES AND PROJECTS IN INDIVIDUAL DEVELOPING COUNTRIES, AND THEREBY PLAY A MAJOR CATALYTIC ROLE IN GALVANIZING FINANCIAL FLOWS FAR IN EXCESS OF THEIR OWN LOANS. THE BANKS MULTILATERALIZE THE FOREIGN ASSISTANCE EFFORT, AND THUS ENSURE FAIR BURDEN SHARING AMONG DONOR COUNTRIES IN THE PURSUIT OF WORLD DEVELOPMENT.

WITHIN THE TENETS OF MULTILATERALISM, THE UNITED STATES-- LIKE ALL OTHER MEMBER COUNTRIES-- HAS A RESPONSIBILITY TO SEEK TO ENSURE THAT THE DEVELOPMENT BANKS REMAIN RESPONSIVE TO NEW DIRECTIONS IN DEVELOPMENT POLICY. TO THIS END WE HAVE ENCOURAGED THE BANKS TO PAY CLOSE ATTENTION TO THE TECHNOLOGY EMPLOYED IN THEIR LOAN PROJECTS, SO THAT THE RESULTING RESOURCE UTILIZATION REFLECTS UNDERLYING FACTOR AVAILABILITIES. WE HAVE

UNCLASSIFIED

PAGE 11 STATE 122702

ENCOURAGED THE BANKS TO TARGET PROJECT BENEFITS TO BETTER AID THE MOST DISADVANTAGED OF A COUNTRY'S POPULATION. WE HAVE URGED THAT THE SECTOR DISTRIBUTION OF LENDING BE MODIFIED TO FOCUS THE BANKS' RESOURCES MORE ON MEETING BASIC HUMAN NEEDS, THOUGH BASIC INFRASTRUCTURE PROJECTS TRADITIONALLY FINANCED BY THE BANKS SHOULD OF COURSE CONTINUE TO BE SUPPORTED-- PARTICULARLY IN AFRICA, WHERE THE NEED FOR SUCH PROJECTS REMAINS HIGH.

FINALLY, WE SEEK TO INCORPORATE CONCERN FOR HUMAN RIGHTS INTO THE ACTIVITIES OF THE DEVELOPMENT BANKS. WE BELIEVE THAT THE GOALS AND PURPOSES OF THE BANKS MUST ENCOMPASS A BROAD RANGE OF FUNDAMENTAL CONCERNS, INCLUDING THE RIGHTS OF THE INDIVIDUAL PERSON AS WELL AS FREEDOM FROM ECONOMIC PRIVATION AND WANT. WE SEEK TO COOPERATE WITH ALL MEMBERS IN FINDING WAYS TO BEST ADVANCE THE COMMON COMMITMENT TO HUMAN RIGHTS AND MEETING HUMAN NEEDS, WHILE AT THE SAME TIME ENSURING THE INTEGRITY AND EFFECTIVENESS OF THE MULTILATERAL PROCESS.

THE DEVELOPMENT BANKS ARE MAKING AN EXTREMELY IMPORTANT CONTRIBUTION TO AFRICAN DEVELOPMENT. WHILE ONLY THE AFRICAN DEVELOPMENT BANK GROUP IS DEVOTED SOLELY TO AFRICA'S NEEDS, BOTH THE IBRD AND IDA ARE

VIMPORTANT SOURCES OF DEVELOPMENT FINANCE FOR THE CONTINENT. MORE THAN ONE FIFTH OF IBRD LOANS, AND ONE THIRD OF IDA CREDITS, AR NOW GOING TO AFRICA. OVER THE NEXT THREE YEARS, IT CAN BE EXPECTED THAT AFRICA WILL RECEIVE MORE THAN \$4 BILLION IN LMENS FROM THE IBRD AND \$2.5 MILLION FOR IDA. THE U.S. COMMITMENT TO THE WORLD BANK GROUP IS THUS ONE OF THE MOST IMPORTANT WAYS OF EXPRESSING OUR CONCERN FOR AFRICAN DEVELOPMENT.

THE UNITED STATES AND AFRICAN DEVELOPMENT

AFRICA MAY REPRESENT THE WORLD'S GREATEST DEVELOPMENT CHALLENGE. AS INDICATED BY THE DATA SO IMPRSSSIVELY ARRAYED BY PRESIDENT FORDWOR ON MONDAY, IT IS THE LEAST DEVELOPED CONTINENT. IT INCLUDES OVER HALF OF THE TWENTY-FIVE POOREST NATIONS. AFRICA'S AVERAGE PER CAPITA GNP UNCLASSIFIED

UNCLASSIFIED

PAGE 12 STATE 122702

IN 1975 WAS LESS THAN \$400. OVER A THIRD OF THE CONTINENT'S NATIONS HAVE A PER CAPITA GNP OF \$200 OR LESS. ABOUT 75 PERCENT OF AFRICA'S POPULATION IS ENGAGED IN SUBSISTENCE AGRICULTURE. LIFE EXPECTANCIES IN AFRICA AVERAGE 43 YEARS --ALMOST 10 YEARS LESS THAN LIFE EXPECTANCIES IN OTHER DEVELOPING COUNTRIES, AND 30 YEARS LESS THAN IN THE UNITED STATES.

U.S. BILATERAL ASSITANCE TO AFRICA HAD EXPANEDED IN RESPONSE TO THE CONTINENT'S DEVELOPMENT NEEDS. IN THE PRESENT U.S. FISCAL YEAR, BILATERAL ECONOMIC ASSISTANCE TO AFRICA HAD INCREASED TO ABOUT \$1.5 BILLION. MORE THAN 70 PERCENT OF OUR ECONOMIC ASSISTANCE REPRESENTS PROGRAMS OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), WHICH ARE TARGETED TO MEETING THE BASIC HUMAN NEEDS OF AFRICA'S VAST MAJORITY.

OUR PARTICIPATION IN THE AFRICAN DEVELOPMENT FUND IS AN IMPORTANT AND ESSENTIAL COMPLEMENT TO THESE BILATERAL AID EFFORTS. THE UNITED STATES ASSISTED IN DRAFTING THE CHARTER FOR THE AFRICAN DEVELOPMENT FUND. WHILE THE FUND WAS ESTABLISHED IN 1976, THE U.S. UNFORTUNATELY DID NOT BECOME A MEMBER UNTIL LATE 1976 WITH A SMALL CONTRIBUTION OF \$15 MILLION.

THIS LAG IS U.S. CONTRIBUTIONS TO THE FUND IS REGRETTABLE. THE CARTER ADMINISTRATION, IN COOPERATION WITH THE CONGRESS, IS SEEKING TO REMEDY THE SITUATION. THE UNITED STATES CONTRIBUTED AN ADDITIONAL \$10 MILLION TO THE FUND IN LATE 1977. CONGRESS ITSELF INITIATED LEGISLATION AUTHORIZING A U.S. CONTRIBUTION TO THE FIRST REPLENISHMENT OF THE FUND LAST YEAR. THOUGH THE UNITED STATES WAS NOT A MEMBER OF THXEFUND AT THE TIME THAT REPLENISHMENT WAS NEGOTIATED, THE \$25 MILLION CONTRIBUTION PROPOSED FOR OUR FISCAL YEAR 1979 WOULD ALREADY MAKE THE UNITED STATES ONE OF THE LARGEST DONORS IN THE FUND BY UNCLASSIFIED

UNCLASSIFIED

PAGE 13 STATE 122702

THE END OF THIS YEAR.

HOWEVER, OUR PLEDGE OF \$125 MILLION TO THE SECOND REPLENISHMENT REPRESENTS A NEW STAGE IN THE U.S. COMMITMENT TO AFRICAN DEVELOPMENT. THIS IS THE FIRST TIME THAT THE UNITED STATES HAS BEEN AN ACTIVE PARTICIPANT IN DISCUSSIONS FOR A FUND REPLENISHMENT. IT THUS MARKS THE FIRST OCCASION THAT WE HAVE BEEN ABLE TO FULLY JOIN WITH OTHER DONORS AND FUND MANAGEMENT IN A DIALOGUE ON THE FUND'S RESOURCE NEEDS AND FUTURE DIRECTION.

OUR PLEDGE OF \$125 MILLION WILL REPRESENT APPROXIMATELY ONE-SIXTH OF THE TOTAL REPLENISHMENT. THIS REPRESENT A FURTHER SIGNIFICANT INCREASE IN THE LEVEL OF OUR PARTICIPATION IN THE FUND, AND WILL MAKE THE UNITED STATES THE LARGEST DONOR BY THE END OF THE REPLENISHMENT PERIOD.

THE SECOND REPLENISHMENT MAY ALSO REPRESENT A TURNING POINT FOR THE FUND ITSELF. THE REPLENISHMENT PROVIDES A DRAMATIC INCREASE IN THE FUND'S RESOURCES, AND WILL PERMIT GROWTH OF AT LEAST 10 PERCENT IN ITS REAL LENDING DURING 1979-81 -- A RATE WELL ABOVE THE GROWTH OF THE OTHER DEVELOPMENT BANKS DURING THESE YEARS. THE SECOND REPLENISHMENT WILL THUS PERMIT THE FUND TO INCREASE SIGNIFICANTLY ITS IMPACT ON AFRICA'S DEVELOPMENT.

THE AFRICAN DEVELOPMENT FUND LENDS TO THE POOREST COUNTRIES IN AFRICA. LOANS ARE GENERALLY NOT GRANTED TO COUNTRIES WITH A PER CAPITA GNP ABOVE \$400 AND, IN 1977, 64 PERCENT OF FUND LOANS WENT TO NATIONS WITH PER CAPITA GNP BELOW \$200. WE BELIEVE THAT THIS EMPHASIS SHOULD CONTINUE; THE CONCESSIONAL RESOURCES OF THE FUND SHOULD BE CONCENTRATED IN THE POOREST COUNTRIES, WHO ARE LEAST ABLE TO AFFORD HARDER TERMS.

WE WOULD ALSO URGE THAT LENDING BE DIRECTED TO PROJECTS AND SECTORS WHICH MEET THE BASIC HUMAN NEEDS OF AFRICA'S POOR. IN 1977, LOANS TO AGRICULTURE ACCOUNTED FOR ABOUT A THIRD OF FUND LENDING, WHILE HEALTH AND EDUCATION ACCOUNTED FOR LESS THAN 15 PERCENT OF TOTAL LOANS. WE RECOGNIZE THAT AFRICA'S NEED FOR IMPROVED

UNCLASSIFIED

UNCLASSIFIED

PAGE 14 STATE 122702

INFRASTRUCTURE REMAINS GREAT, BUT HIGH PRIORITY SHOULD BE PLACED ON PROJECTS IN THESE THREE SECTORS.

MOREOVER, WE WOULD LIKE TO URGE THE FUND TO CAREFULLY EXAMINE THE DESIGN OF ITS PROJECTS IN ORDER TO DETERMINE WHETHER THE CHOSEN TECHNOLOGIES ARE THE MOST APPROPRIATE TO ECONOMIC CONDITIONS IN THE RECIPIENT COUNTRY. WE ARE ENCOURAGED BY THE EFFORTS THE FUND HAS MADE THUS FAR.

CAREFUL TECHNOLOGICAL CHOICES WILL ENSURE THAT THE MOST EFFICIENT USE IS MADE OF SCARCE CAPITAL RESOURCES AND THAT DEVELOPMENT PROJECTS WILL PROVIDE THE GREATEST BENEFITS POSSIBLE TO THE HOST COUNTRY.

THE WORLD BANK, THE INTER-AMERICAN DEVELOPMENT BANK, AND THE ASIAN DEVELOPMENT BANK HAVE ALL ADOPTED POLICIES WHICH PROMOTE THE USE OF APPROPRIATE TECHNOLOGIES. THESE BANKS HAVE ALL REVIEWED THE TECHNOLOGIES USED IN PREVIOUS PROJECTS AND HAVE FOUND THAT MANY OF THE PROJECTS UTILIZED LIGHT CAPITAL TECHNOLOGIES EFFECTIVELY. THE IDB MADE EARLY USE OF LABOR-INTENSIVE TECHNIQUES IN AGRICULTURE AND FEEDER ROAD PROJECTS. THE ASIAN BANK INTRODUCED NEW PROJECT APPRAISAL METHODS IN THE EARLY 1970'S THAT RESULTED IN THE INTRODUCTION OF CAPITAL-SAVING TECHNIQUES IN ROAD AND FISHERIES PROJECTS. SUCH INFORMATION HAS PROVED USEFUL IN FORMULATING NEW APPROACHES TO MEETING THE TECHNOLOGICAL NEEDS OF THEIR DEVELOPING MEMBER NATIONS.

PRESIDENT FORD GAVE US A DETAILED REPORT ON HIS EFFORTS TO IMPROVE FUND ADMINISTRATIVE PRACTICES IN HIS SPEECH AT THE OPENING SESSION OF THE ANNUAL MEETING ON MONDAY. UNDER HIS GUIDANCE, THE AFRICAN DEVELOPMENT FUND HAD MADE GREAT STRIDES IN IMPROVING ITS ABILITY TO IDENTIFY, FORMULATE, AND ADMINISTER SOUND DEVELOPMENT PROJECTS. THIS IMPROVEMENT IS UNDERSCORED BY THE TWO REVIEWS OF FUND ADMINISTRATIVE PRACTICES UNDERTAKEN BY PRICE WATERHOUSE AND THE PANEL OF INTERNATIONAL EXPERTS WHICH COMPRISED

UNCLASSIFIED

PAGE 15 STATE 122702

THE REVIEW COMMITTEE. WMSAPPLAUD AND COMMENT FUND MANAGEMENT FOR THE DEDICATION THEY HAVE SHOWN TO IMPROVING FUND ADMINISTRATION.

AT THE SAME TIME, WE WISH TO URGE FUND MANAGEMENT, IN COOPERATION WITH THE FUND'S EXECUTIVE DIRECTORS, TO CONTINUE TO WORK TO ELIMINATE THE REMAINING WEAKNESSES IN FUND ADMINISTRATION. IN THIS CONNECTION, WE ARE ENCOURAGED BY THE RECENT DECISION OF THE BOARD OF DIRECTORS OF THE FUND TO ESTABLISH A SPECIAL COMMITTEE TO EXAMINE THE IMPLEMENTATION OF THE REVIEW COMMITTEE'S REPORT.

ONE PARTICULARLY IMPORTANT NEED IS AN INTENSIFIED PROGRAM OF PROJECT EVALUATION AND AUDITING. ONLY BY CAREFUL MONITORING PROJECTS AS THEY ARE IMPLEMENTED CAN THE FUND HOPE TO DEVELOP FURTHER ITS EXPERTISE IN SOLVING THE UNIQUE CHALLENGES OF AFRICAN DEVELOPMENT.

FINALLY, WE BELIEVE THAT CLOSE COOPERATION AMONG THE SEVERAL INTERNATIONAL DEVELOPMENT INSTITUTIONS IS ESSENTIAL IF EXTERNAL AID IS TO MAKE ITS MAXIMUM CONTRIBUTION TO AFRICA. WE ARE HAPPY TO NOT THAT THE FUND HAS ALREADY BEEN COOPERATING WITH OTHER SOURCES OF DEVELOPMENT ASSISTANCE, SUCH AS THE WORLD BANK AND THE SPECIALIZED AGENCIES OF THE UN. IN FACT, FUND LOANS

IN 1977 WERE MATCHED ALMOST DOLLAR FOR DOLLAR BY LOANS FROM OTHER SOURCES OF EXTERNAL AID.

WE STRONGLY BELIEVE THAT SUCH EFFORTS FOR CO-FINANCING AND COOPERATION SHOULD BE INTENSIFIED IN THE FUTURE. THIS WILL ENABLE THE AFRICAN DEVELOPMENT FUND AND THE OTHER DEVELOPMENT INSTITUTIONS TO FORMULATE AND IMPLEMENT AN INTEGRATED APPROACH TO AFRICA'S ASSISTANCE NEEDS, ACHIEVING MAXIMUM MILEAGE FROM THE RESOURCES WHICH THEY DEVOTE TO DEVELOPMENT HERE.

CONCLUSION

THE SECOND REPLENISHMENT OF THE AFRICAN DEVELOPMENT FUND IS ONLY ONE OF THE HIGH POINTS OF THIS ANNUAL MEETING.
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PAGE 16 STATE 122702

THE DECISION BY THE MEMBER OF THE AFRICAN DEVELOPMENT BANK TO INVITE NON-REGIONAL COUNTRIES TO JOIN THE BANK MAY REPRESENT AN EVEN GREATER MILESTONE IN THE HISTORY OF THE BANK GROUP. THE OPENING OF THE BANK, AFTER ALMOST 15 YEARS OF SOLELY AFRICAN MEMBERSHIP, WILL PROVIDE DONOR COUNTRIES WITH A NEW OPPORTUNITY FOR COOPERATION WITH THE NATIONS OF AFRICA. IT WILL PROVIDE A NEW WAY FOR NON-REGIONAL COUNTRIES TO HELP AFRICAN NATIONS SEEK AFRICAN SOLUTIONS TO AFRICAN DEVELOPMENT PROBLEMS THROUGH AN AFRICAN INSTITUTION.

THE UNITED STATES, FOR ITS PART, WELCOMES THIS DECISION BY THE MEMBERS OF THE AFRICAN DEVELOPMENT BANK. WE LOOK FORWARD TO AN EARLY BEGINNING OF DISCUSSIONS ON THE ISSUE. WHILE MANY TECHNICAL MATTERS WILL HAVE TO BE ADDRESSED, I CAN ASSURE YOU THAT THE CARTER ADMINISTRATION AND THE CONGRESS OF THE UNITED STATES WILL GIVE YOUR INVITATION TO JOIN THE BANK OUR SERIOUS AND MOST SYMPATHETIC CONSIDERATION. OUR RESPONSE WILL REFLECT THE DEEP COMMITMENT OF OUR NATION AND PEOPLE TO THE MORE THAN 400 MILLION PEOPLE WHO LIVE ON THE AFRICAN CONTINENT.

THE AFRICAN DEVELOPMENT BANK AND FUND HAVE VITAL ROLES TO PLAY IN IMPROVING THE LIVES OF THE POOREST PEOPLE IN AFRICA, AND THE LIVES OF GENERATIONS YET UNBORN WHO WILL FOLLOW THEM. THE UNITED STATES FULLY SUPPORTS THE FUND IN ITS EFFORTS TO STIMULATE AFRICAN GROWTH AND DEVELOPMENT. WE HOPE THAT THE GOAL OF NON-AFRICAN MEMBERSHIP IN THE BANK CAN BE REALIZED QUICKLY, THUS CREATING NEW BONDS BETWEEN THE NATIONS OF AFRICA AND COUNTRIES OUTSIDE THE REGION. WITHIN THIS UNIQUELY AFRICAN FRAMEWORK OF MULTILATERAL COOPERATION, THE UNITED STATES LOOKS FORWARD TO WORKING CLOSELY WITH YOU DURING THE YEARS AHEAD IN PURSUIT OF OUR COMMON GOALS--PEACE
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PAGE 17 STATE 122702

IN AFRICA AND IN THE WORLD, PROPERITY FOR AFRICA AND
FOR ALL MANKIND. TIENKEN UNQUOTE VANCE

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